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THE *Livestock* SITUATION

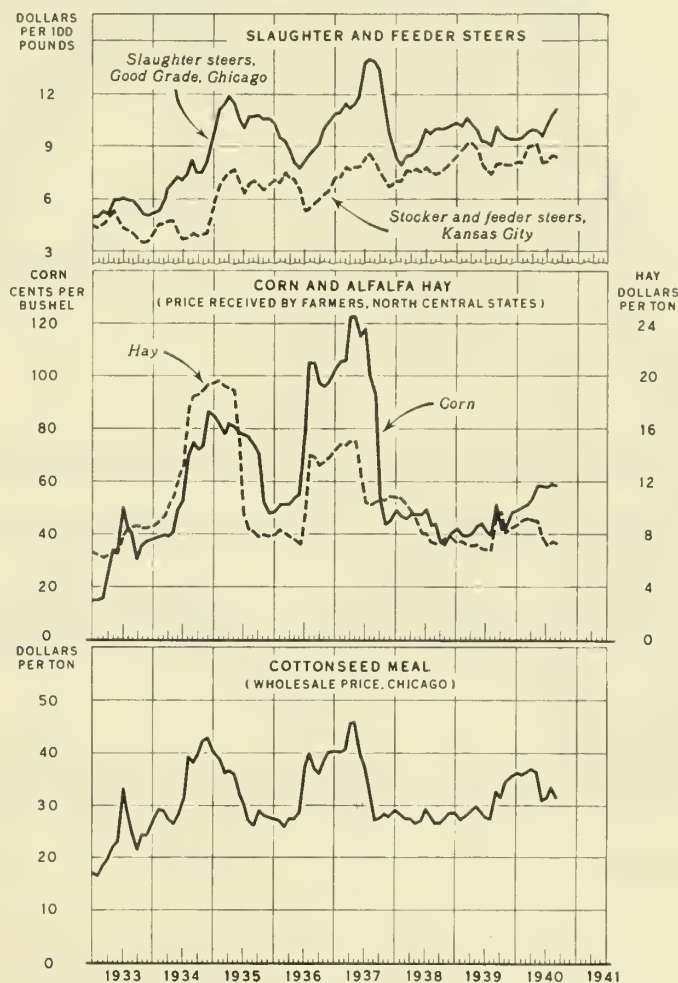
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

LS-16

BAC

OCTOBER 1940

AVERAGE PRICES OF SLAUGHTER STEERS, STOCKER AND FEEDER STEERS, AND SELECTED FEEDS, 1933-40



U. S. DEPARTMENT OF AGRICULTURE

REG 38860 BUREAU OF AGRICULTURAL ECONOMICS

IMPORTANT FACTORS AFFECTING RETURNS FROM CATTLE FEEDING ARE (1) THE INITIAL COST OF THE FEEDER STEERS, (2) THE COST OF FEEDS AND (3) THE SELLING PRICE OF THE FAT CATTLE. SINCE LATE 1938 PRICES OF SLAUGHTER AND FEEDER CATTLE HAVE NOT FLUCTUATED GREATLY, BUT PRICES OF CORN AND PROTEIN FEEDS HAVE ADVANCED. PRESENT INDICATIONS ARE THAT CORN PRICES MAY ADVANCE SOMEWHAT FURTHER NEXT YEAR AND THAT PRICES OF SLAUGHTER CATTLE MAY AVERAGE A LITTLE HIGHER IN 1941 THAN IN 1940.

PRICES OF HOGS AND OF CORN, AND HOG-CORN PRICE RATIO, CHICAGO, 1933-40

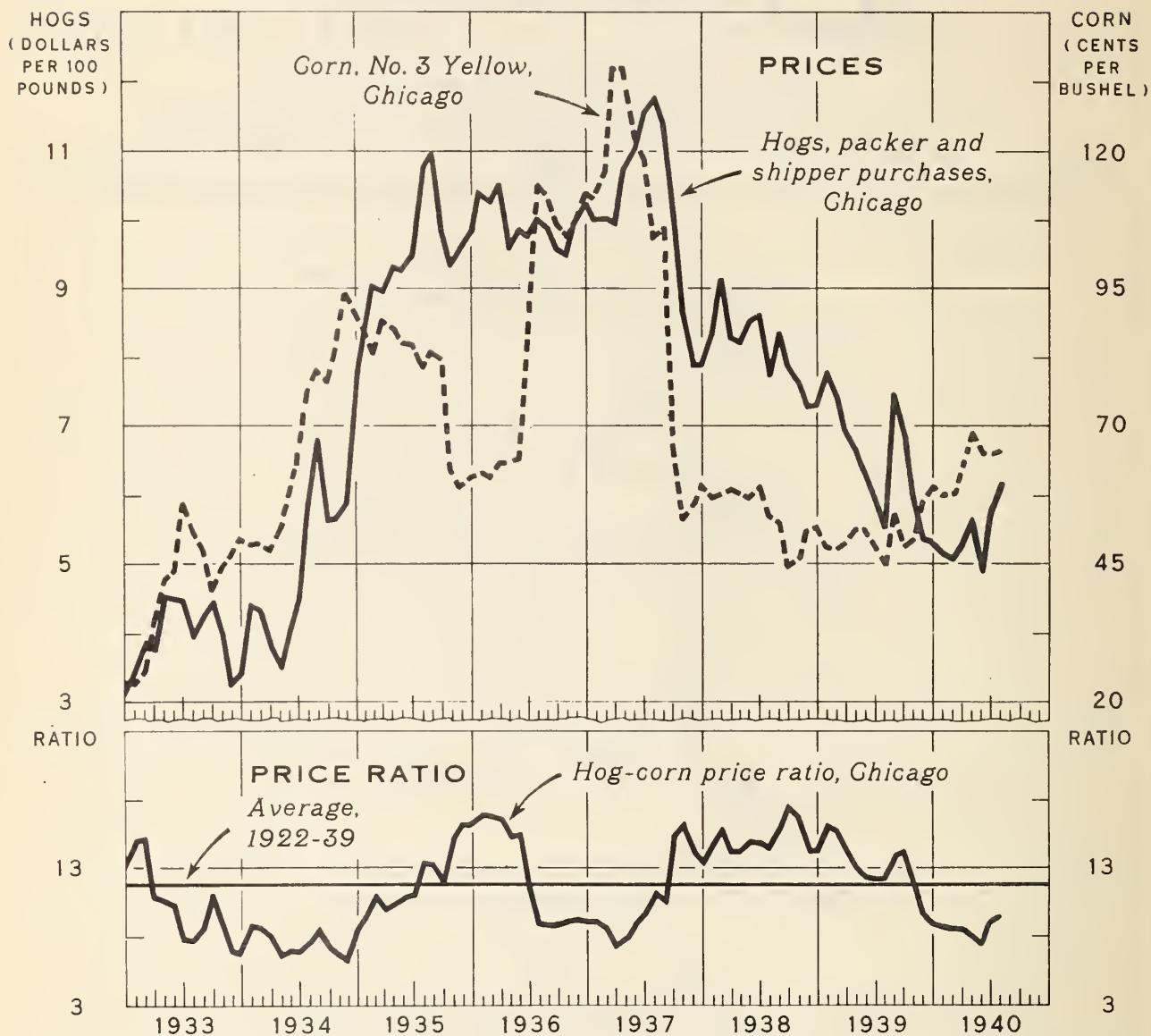


FIG. 1.- FROM OCTOBER 1937 THROUGH NOVEMBER 1939 HOG PRICES WERE HIGH IN RELATION TO CORN PRICES. THE HIGH HOG-CORN PRICE RATIO IN THIS PERIOD WAS AN IMPORTANT FACTOR IN THE SHARP INCREASE IN THE NUMBER OF PIGS RAISED IN 1938 AND 1939. SINCE LATE 1939, HOWEVER, CORN PRICES HAVE ADVANCED CONSIDERABLY BUT HOG PRICES HAVE REMAINED LOW. THE RESULTING RATIO OF HOG PRICES TO CORN PRICES HAS BEEN UNFAVORABLE FOR HOG PRODUCTION, AND THE 1940 PIG CROP WAS REDUCED ABOUT 10 PERCENT FROM THAT OF 1939.

THE LIVESTOCK SITUATION

Summary

Information available in early October indicates that numbers of cattle and lambs fed during the 1940-41 feeding season will not be much different from numbers fed last season. Shipments of stocker and feeder cattle into the Corn Belt States west of the Mississippi River from July through September were larger than a year earlier, while shipments into the Eastern Corn Belt were smaller. Some decrease in cattle feeding may occur in the Rocky Mountain States this year, but an increase is expected in Texas and Oklahoma.

Market records indicate that shipments of feeder cattle to the Corn Belt in recent months have consisted of a larger proportion of light-weight feeders than a year earlier. This may result in smaller marketings of grain-fed cattle in the first half of 1941 than in the first half of 1940. In this event, the seasonal decline in prices of grain-fed cattle in the coming winter and spring may be less than usual. In view of the relatively low prices of grain-fed cattle in the spring and the relatively high prices in the late summer and early fall of 1940, many feeders may plan their operations so that marketings of grain-fed cattle in the summer and fall of 1941 will be larger than usual in relation to marketings in the spring.

The supply of beef and veal produced in 1941 probably will not differ greatly from the 1940 production, with an increase more likely than a decrease. In view of prospective substantial improvement in consumer demand for meats, the general level of cattle prices in 1941 is expected to be higher than in 1940.

Shipments of feeder lambs into the Corn Belt States from July through September were about as large as heavy shipments in the corresponding months of last year. Reports from the Western States indicate that the number of lambs fed this season will be at least as large as the number fed in 1939-40. A marked decrease in lamb feeding now seems probable in Colorado, but increases are indicated in California, Washington, Texas and Oklahoma. Wheat pastures in Kansas, Oklahoma, and eastern Colorado have made excellent growth, and large movement of lambs to these pastures is expected.

Slaughter supplies of sheep and lambs in the 1940-41 fed-lamb marketing season (December-April) probably will not show much change from a year earlier. Prices of lambs in the coming fed-lamb season, however, are expected to average higher than in 1939-40 season. Stronger consumer demand for meats and higher prices for wool and pelts will be supporting factors to prices of slaughter lambs and sheep during next year.

The seasonal increase in hog marketings now in progress is expected to continue into December, but this will be followed by a seasonal reduction in marketings in the late winter. For the 1940-41 marketing year, which began October 1, hog marketings are expected to be about 10 percent smaller than in 1939-40. The percentage decrease in the 1940 fall pig crop apparently is somewhat greater than that in the 1940 spring crop. As a consequence, hog marketings probably will be reduced relatively more from a year earlier in the last half of the 1940-41 marketing year than in the first half.

Hog prices in 1940-41 are expected to average materially higher than in 1939-40. The rise will reflect not only the decrease in hog marketings but also the substantial improvement in domestic consumer demand in prospect.

Export demand for pork and lard in 1940-41 probably will be little if any better than in 1939.

Hog prices declined seasonally during September and early October, but prices of the upper grades of slaughter cattle advanced, reaching the highest level in about 3 years in early October. Lamb prices were steady to slightly higher during the period. Slaughter supplies of cattle and lambs were reduced in September - ordinarily they increase steadily throughout the late summer and early fall months. The weekly rate of hog slaughter has increased seasonally since August. Slaughter in September continued larger than a year earlier; inspected hog slaughter for the entire 1939-40 marketing year (October-September) totaled 20 percent larger than a year earlier.

-- October 18, 1940.

REVIEW OF RECENT DEVELOPMENTS

HOGS

Hog prices decline during September and early October

After reaching the highest level in nearly a year in late August, hog prices declined steadily throughout September and early October. The average price of butcher hogs at Chicago for the week ended October 12 was \$6.40, compared with \$7.30 for the last week of August and \$7.10 for the corresponding week of 1939. The drop in prices during recent weeks is a reflection of the seasonal increase in hog marketings. Prices of light-weight hogs have declined more sharply than prices of heavy hogs since early September, and the spread between prices of butcher hogs and packing sows also has narrowed considerably.

With declining hog prices and steady corn prices, the hog-corn price ratio has become somewhat more unfavorable in recent weeks. For the week ended October 12 the ratio based on the price of No. 3 Yellow corn and the average price of all hogs at Chicago was 9.6, compared with 9.9 a month earlier and 14.1 a year earlier.

Hog slaughter increase during September

The weekly rate of hog slaughter has increased steadily since early August, and for the month of September federally inspected slaughter totaled

3,168,000 head, 4 percent more than in August and 10 percent more than in September last year. Marketings of packing sows have decreased seasonally since mid-summer, and for the week ended October 12 they constituted about 14 percent of the total purchases at seven important markets. Average weights of hogs slaughtered also have decreased with the declining proportion of packing sows in total marketings and the increase in marketings of spring pigs. In early October the average weight of hogs was about the same as that of a year earlier.

Inspected hog slaughter for the entire 1939-40 hog marketing year (October-September) totaled 47,650,000 head, compared with 39,720,000 head in the preceding marketing year. It was the largest inspected hog slaughter in 11 years, i.e., since 1928-29. In the January 1940 issue of The Livestock Situation it was indicated that inspected hog slaughter for the 1939-40 marketing year would be as large as or a little larger than 47 million head. The final figure does not differ greatly from this estimate.

Pork exports increase during August

Exports of pork increased moderately during August, but lard exports decreased sharply. Pork shipments abroad during the month totaled nearly 4.0 million pounds, compared with 3.2 million pounds during July and 10.2 million pounds in August last year. Exports of lard dropped from 28.2 million pounds in July to 10.2 million pounds in August. They were only a little smaller than in June, however. Shipments of lard to the United Kingdom during August totaled only 560,000 pounds, compared with a little over 19 million pounds in July and none in June. For the first 8 months of 1940 total exports of pork amounting to 80.0 million pounds were 10 percent smaller than in the corresponding period of 1939. Lard exports for the January to August period this year totaled 158.6 million pounds and were about 16 percent smaller than a year earlier.

Storage stocks of pork and lard reduced during September

Storage stocks of pork were reduced sharply during September. The net out-of-storage movement for the month amounted to 89 million pounds, about 50 percent greater than the reduction in storage holdings during September last year and over 5 times greater than 1934-38 average for the month. Stocks of pork on October 1, totaling about 329 million pounds, were about 10 percent larger than the stocks on that date last year, but were smaller than the 5-year average for October 1. Included in the October 1 figure was 64 million pounds of pork held by the Surplus Marketing Administration for future distribution by that agency.

The net out-of-storage movement of lard during September amounted to about 38 million pounds. Storage holdings of lard have been exceptionally large during most of 1940, and stocks on October 1 of 235 million pounds were the largest for that date on record. Of the 235 million pounds of lard in storage on October 1, about 65 million pounds were owned by the Surplus Marketing Administration.

Storage holdings of pork and lard on the first of the month, average
1934-35 to 1938-39, 1938-39 and current marketing year

Month	Pork			Lard		
	Average			Average		
	1934-35	1939-40	1940-41	1934-35	1939-40	1940-41
	to			to		
	1938-39			1938-39		
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Oct.	344.6	300.2	1/ 328.7	87.6	78.8	1/ 234.6
Nov.	323.7	272.7		69.6	68.7	
Dec.	378.9	332.3		71.8	89.0	
Jan.	502.0	469.5		95.6	162.1	
Feb.	584.6	588.6		120.5	202.2	
Mar.	603.7	650.7		126.7	256.6	
Apr.	580.1	652.7		129.9	268.8	
May	561.3	612.0		129.1	266.1	
June	515.7	592.6		129.4	283.9	
July	474.7	598.5		130.2	306.8	
Aug.	422.6	548.7		121.2	303.2	
Sept.	361.9	417.6		101.8	272.3	

1/ Preliminary.

CATTLE

Cattle prices reach highest level in 3 years in early October

Prices for the top grades of slaughter cattle reached the highest level in about 3 years in early October, as the average price of choice and prime beef steers at Chicago advanced to \$12.85 for the week ended October 12. Prices of the upper grades of slaughter cattle have advanced seasonally since mid-June, while prices of the lower grades have fluctuated about steady to lower levels. The spread between prices of the upper and lower grades of slaughter cattle has widened considerably in recent months, and in early October it was much wider than at that time last year. Prices of the lower grades of slaughter steers, in early October, were about the same as a year earlier but prices of good grade steers were about \$2.00 higher and prices of choice and prime grade steers were about \$2.50 higher.

Prices of stocker and feeder cattle weakened a little during September, and in early October the average price of feeder steers at Kansas City was only a little higher than the \$8.00 level which prevailed last fall for such cattle.

Cattle slaughter reduced in September

Ordinarily marketings of slaughter cattle increase steadily during the fall and early winter. They were smaller than a month earlier in September this year, however; inspected cattle slaughter for the month of 812,000 head was 4 percent smaller than in August and 8 percent smaller

than in September 1939. It was the smallest September slaughter since 1932. Inspected cattle slaughter for the first 9 months (January-September) of 1940 was 2 percent larger than in the corresponding period of 1939.

Slaughter of calves under Federal inspection during September totaled 417,000 head, 3 percent less than in August and 2 percent less than in September last year. Inspected calf slaughter for the first 9 months of 1940 totaled nearly 4.0 million head, or practically the same as a year earlier.

Cattle imports decrease during August

The total number of cattle imported into the United States during August amounted to 35,156 head, about 19 percent less than in July and 20 percent less than in August last year. Imports from Canada were larger than a month earlier, but imports from Mexico were only about half as large as in July. The increase in Canadian shipments was chiefly in cattle weighing over 700 pounds, whereas shipments of both light and heavy cattle from Mexico were reduced.

Imports of all cattle for the period January-August this year have been smaller than during that period last year. Imports of beef and veal so far this year have been smaller than in the first 8 months of the previous 4 years.

Cattle imports from Canada, Mexico and all countries, by weight groups, and imports of beef and veal, January-August, 1936-40

Period:	Cattle									Beef and veal,	
										total all	
										countries	
	Canada			Mexico			All countries			Beef	
	700	Under	All	700	Under	All	700	Under	All	Canned	fresh,
	lb.	lb.	cattle	lb.	lb.	cattle	lb.	lb.	cattle	beef	pickled
	over	over		over	over		over	over		2/	and
	1/	1/		1/	1/		1/	1/			cured
	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Mil.	Mil.
	sands	sands	sands	sands	sands	sands	sands	sands	sands	lb.	lb.
Jan.-											
Aug.											
1936	68	124	202	114	21	136	182	146	339	67	5
1937	97	137	244	147	24	172	244	161	417	60	4
1938	40	33	82	173	29	202	213	61	284	52	2
1939	78	129	219	327	44	371	405	173	591	57	3
1940	70	75	159	260	31	292	330	106	450	47	5

1/ Exclusive of cattle imported for dairy purposes.

2/ Actual weight of imports, chiefly from Argentina, Uruguay, Brazil, and Chile.

LAMBS

Lamb prices rise in early October

Prices of slaughter lambs advanced a little in early October after remaining steady during most of September. The average price of good and choice grade slaughter lambs at Chicago for the week ended October 12 was \$9.45, compared with \$9.10 a month earlier and \$9.60 for the corresponding week of 1939. Prices of feeder lambs thus far this season have averaged a little higher than a year earlier.

Inspected sheep and lamb slaughter
reduced during September

Inspected slaughter of sheep and lambs during September, totaling 1,469,000 head, was a little smaller than a month earlier, and it was about 10 percent smaller than in September last year. Ordinarily slaughter of sheep and lambs increases steadily throughout the late summer and early fall as the western lamb crop is moved to market. Inspected sheep and lamb slaughter for the first 5 months (May-September) of the 1940 grass-lamb marketing season totaled 7.2 million head, about 1 percent less than in the corresponding period of 1939.

DOMESTIC DEMAND CONDITIONS

Industrial and business conditions which affect domestic consumer demand for meats have improved considerably since late spring. Accompanying gains in industrial production have been significant increases in industrial employment and pay rolls. Military employment and pay rolls also have expanded, and by the end of the year probably will be twice as large as in June.

An important factor in the expansion of industrial employment during the next few months will be the national defense program. Funds authorized or appropriated for defense purposes now total nearly 17 billion dollars and contracts already have been placed for about half of this amount. The plant expansion necessary for filling some of these orders, as well as increased operations in existing plants and the general stimulation to industry and trade which these activities entail, practically assure a high level of business and industrial activity for an extended period.

FEED SITUATION

Western ranges were generally improved by September rains, and range feed conditions on October 1 were considerably better than on that date last year. There was a marked improvement in range conditions in States west of the main range and in Montana, Wyoming, and Colorado. Wheat pastures in Kansas and Oklahoma also were improved greatly by the recent fall rains, but they have only a fair start in northern Texas and eastern New Mexico, where more rain is needed. Range feed conditions on October 1 in the Dakotas were above average except for local areas in South Dakota. Nebraska ranges improved a little during September, but winter range feeds are short in some areas that were dry during the summer. Except for local areas, feed

supplies in the Western Range States will be ample for carrying livestock through the winter this year. The condition of cattle and sheep in most Range States on October 1 was better than a year earlier and above the 10-year, 1930-39, average for that date.

Supplies of all feed grains on October 1, including corn under seal and held by the Government, and the 1940 corn crop, totaled about 113 million tons, the second largest supply in 20 years, and 12 percent above the 1928-32 average. The number of grain-consuming animal units on farms January 1, 1941, is expected to be about 5 percent below average and the supply of feed grains per animal will be the largest on record. The total carry-over of corn on October 1 was around 701 million bushels, compared with 583 million bushels last year. Of this amount about 430 million bushels were sealed or held by the Government. This left a total carry-over of unsealed corn of about 271 million bushels, which is well above average. The total supply of corn as indicated October 1 is 3,057 million bushels, compared with 3,202 million bushels last year.

OUTLOOK - HOGS

BACKGROUND.- Hog production increased sharply in 1938 and 1939 after having been sharply curtailed from 1935 through 1937 as a result of reduced feed supplies. The 1939 pig crop was the largest in the 16 years of record. It was 19 percent larger than the 1938 crop and about 50 percent greater than the small crop of 1935. As a result of the large number of pigs raised in 1939, hog marketings in the 1939-40 season were sharply increased and the quantity of hog products available for domestic consumption in the 1939-40 season was about the largest on record.

The outlook for hogs has not changed greatly during the past few months and the important features in the outlook as given in recent issues of The Livestock Situation are summarized as follows:

(1) Largely as a result of the unfavorable ratio of hog prices to corn prices in the winter of 1939-40, the 1940 spring pig crop was curtailed by about 8 percent. The total number of pigs saved last spring amounted to 48.0 million head, 4.3 million head less than the 1939 spring crop. On the basis of breeding intentions reported by farmers about June 1 and other indications, the number of pigs farrowed during the 1940 fall season (June to November) is estimated to be about 12 percent smaller than a year earlier. The total number of pigs raised during 1940 will be about 10 percent smaller than in 1939.

(2) Slaughter supplies of hogs in the 1940-41 hog-marketing year which began October 1 will be substantially smaller than the large supply marketed during the 1939-40 season. On the basis of past relationships between changes in the size of the pig crop and hog slaughter, the number of hogs slaughtered under Federal inspection during the 1940-41 hog-marketing year is expected to total about 43 million head. This would be a decrease of about 10 percent from the 47.6 million head slaughtered in the 1939-40 season. Except for last year, however, it will be considerably larger than in any other year since 1933-34.

(3) The average price received by farmers for hogs during the 1939-40 hog-marketing year was about \$5.50. With prospects for a substantial reduction in hog supplies in the present year and further improvement in domestic consumer demand for meats, present indications are that the level of hog prices in 1940-41 will be materially higher than in 1939-40. A seasonal decline in hog prices will accompany the fall and winter increase in marketings but prices are not likely to drop to levels so low as those reached last winter.

(4) Export demand for pork and lard probably will be little if any better during the current season than a year earlier, but since exports have been small in the past few years, weakness in the export demand for hog products will not constitute an important price-depressing factor in 1940-41.

(5) The ratio of hog prices to corn prices in late 1940 and early 1941 may be a little higher than a year earlier, but it probably will continue unfavorable for hog producers. This is likely to be reflected in a moderate reduction in the 1941 spring pig crop. It is not likely that hog production will increase before the last half of 1941 and marketings during the 1941-42 season may not be much different from those of the 1940-41 season.

Seasonal changes in hog marketings

Hog marketings probably will increase seasonally through December, but this will be followed by a seasonal reduction in the late winter and early spring, which may be greater than usual. Because of the greater percentage decrease in the fall pig crop than in the spring pig crop, hog marketings probably will be reduced relatively more from a year earlier in the last half (April-September) of the 1940-41 marketing year than in the first half of the year.

It was stated in the September issue of The Livestock Situation that hog marketings in the first quarter (October-December) of the current marketing year might represent a larger proportion of the yearly total than was the case in 1939-40. In several previous years, when the hog-corn price ratio has been low, marketings in the first quarter of the year were a relatively large proportion of the yearly total and were larger than in the second quarter. In 1939-40, however, when the ratio was low marketings in the first quarter were only about an average proportion of the yearly total and were a little smaller than in the second quarter. Other factors, including the geographical distribution of the pig crop, also affect the seasonal distribution of hog marketings. Indications as to the probable distribution of hog marketings in the current marketing year, therefore, are somewhat conflicting. Nevertheless it is doubtful if marketings in the first quarter will be smaller than in the second quarter, and they might be somewhat larger.

OUTLOOK - BEEF CATTLE

BACKGROUND.- From early 1934 to early 1938 cattle numbers in the United States were greatly reduced, largely as a result of the severe droughts of 1934 and 1936. Slaughter of cattle and calves was relatively large during this period. Since 1938 feed and range conditions have been about normal and cattle

numbers have again increased. As a result of the holding back of breeding stock for herd building purposes, slaughter of cattle and calves was reduced moderately in 1938 and 1939.

Cattle feeding situation

In the August issue of The Livestock Situation it was indicated that the tendency to reduce cattle feeding operations in the Corn Belt, which was evident during the spring and summer of 1940 might continue during the coming fall and winter months. Information released by the Agricultural Marketing Service in early October, however, points to little or no change in the number of cattle fed for market during the winter and spring of 1940-41 compared with a year earlier. Although prospective changes from a year earlier varied considerably between States, indications at the end of September were for little change in the total number of cattle fed in the Corn Belt or in States outside the Corn Belt this fall and winter compared with last season.

As indicated in the accompanying table, shipments of stocker and feeder cattle into 7 Corn Belt States during July-September were a little larger than the exceptionally large shipments into those States during the corresponding period last year. Most of the increase in shipments of feeder cattle to the Corn Belt thus far this fall compared with last has been to the western part of that area, where total supplies of feed grains on farms (including corn under seal and the probable 1940 corn production) on October 1 is estimated to be about 4 percent larger than a year earlier. ^{1/} Shipments of stocker and feeder cattle during July-September to the Eastern Corn Belt, on the other hand, have been somewhat smaller than a year earlier. Estimated supplies of feed grains on farms in that region on October 1 were about 17 percent smaller than on October 1 last year.

Feeder cattle and calves received in several Corn Belt States,
July, August and September, 1939 and 1940 ^{1/}

State	July ^{2/}		Aug. ^{2/}		Sept. ^{2/}		July-Sept. ^{2/}	
	1939	1940	1939	1940	1939	1940	1939	1940
	Number	Number	Number	Number	Number	Number	Number	Number
Ohio	14,872	17,513	19,891	11,456	22,136	18,251	56,899	47,220
Indiana	19,031	17,252	25,127	13,162	38,127	29,661	82,285	60,075
Michigan ...	5,339	6,124	5,828	6,190	11,434	9,253	22,601	21,567
Wisconsin ..	2,305	1,909	2,376	1,732	4,343	3,732	9,024	7,423
Minnesota ..	9,230	16,265	18,482	23,397	38,355	40,240	66,067	79,902
Iowa	61,009	78,297	133,083	176,056	190,553	237,061	384,645	491,414
Nebraska ...	14,631	15,062	29,122	32,598	48,997	48,198	92,750	95,858
Total 7 :								
States ..	126,417	152,422	233,909	264,641	353,945	386,396	714,271	803,459

^{1/} Data obtained from the offices of the State Veterinarians in the above States. Figures for 1939 are revised.

^{2/} Total of direct shipments and shipments from public stockyards.

^{1/} For a discussion of the 1940-41 feed situation by regions see the October 1940 issue of The Feed Situation.

Reports from States in other areas indicate that the total number of cattle fed outside the Corn Belt this year may be little changed from last. In the Western States, some increase in feeding in the States west of the Continental Divide as a whole is indicated, but the total for the Rocky Mountain States may be smaller, largely as a result of the probable reduction in Colorado. Cattle feeding in Texas and Oklahoma is expected to show some increase this year.

Records from four leading markets show total shipments of stocker and feeder cattle for the 3 months, July through September, to have been somewhat larger this year than last with a decrease in the number of heavy steers (over 1,000 pounds), little change in medium weights (800 to 1,000 pounds) and increases in weights under 800 pounds. Feeder calf shipments were smaller than last year with little change in stocker and feeder cows and heifers. The decrease in shipments of heavy feeder cattle and the increase in the number of light weight feeders indicates that a large proportion of the cattle bought this fall will not be finished for market before next spring and summer.

Although shipments of stocker and feeder cattle into the Corn Belt in July-September 1940 were larger than a year earlier, such shipments usually are in greatest volume in October and November. Consequently changes in the October-November shipments this year from last will be an important factor affecting the change in the total number of cattle fed in the Corn Belt this season from last season. Changes in this total also will be affected by the change in number of locally raised cattle that are fed in the Corn Belt.

Prices of stocker and feeder cattle during September were a little higher than a year earlier, but the spread between prices of stocker and feeders and prices of slaughter cattle was wider than last fall. While feed supplies are generally plentiful, prices of corn are higher this fall than last. With higher prices for feeder cattle this fall and also higher corn prices, cash costs of cattle feeding, including the cost of feed and the cost of feeder animals, may be higher this season than last. Higher prices for grain-fed cattle in 1941 than in 1940, therefore, will be necessary for favorable returns from cattle feeding operations this season.

Cattle prices

The supply of beef and veal produced in 1941 probably will not be greatly different from that of 1940, with an increase more likely than a decrease. In view of prospective substantial improvement in consumer demand for meats, the general level of cattle prices next year is expected to be higher than in 1940.

Although the number of cattle fed this season may not be much different from the number fed last season, the relatively large purchases of light-weight feeders in the past 3 months indicates that marketings of grain-fed cattle in the first half of 1941 may be smaller than a year earlier. In view of the relatively low prices of grain-fed cattle in the spring and the relatively high prices in the late summer and early fall of 1940, many feeders may plan their operations so that marketings of fed cattle in the summer and fall of 1941 will

be larger than usual in relation to marketings in the spring. Consequently the seasonal decline in prices of the better grades of slaughter cattle during the coming winter and spring may not be great, and the seasonal advance in the late summer of next year may be less marked than a year earlier. This might result in prices of the better grades of slaughter cattle being substantially higher than a year earlier in the late winter and spring of next year, while they might not be greatly different from a year earlier in the late summer and fall.

Marketings of cows and heifers for slaughter may increase moderately in 1941 from 1940 levels. Marketings of such cattle have been decreasing for several years, and whether an increase occurs this year will depend largely upon the decisions of producers as to the extent of further increases in numbers this year. Some increase in marketings of such cattle, however, could occur in 1941 even though the number of cattle held on farms and ranches is increased further. An increase in marketings of cows and heifers next year, probably would mean that the spread between prices of the lower grades and better grades of slaughter cattle would be wider on the average in 1941 than in 1940.

Upward trend in cattle numbers to continue

Present indications are that the increase in cattle numbers during 1940 will amount to about 2 million head. This will raise the total number of cattle and calves on farms and ranches on January 1, 1941 to around 70.8 million head, compared with the peak of 74.3 million head for 1934 and the 1938 low point of 66.1 million head. Barring severe drought, the upward trend in cattle numbers probably will continue during the next 2 or 3 years. And it is likely that the 1934 peak will be exceeded before a cyclical downswing in numbers gets under way.

The continued increase in cattle numbers eventually will result in a material increase in marketings and slaughter of cattle. Should cattle numbers be maintained at about the figure expected for 1941 the number of cattle and calves slaughtered each year could exceed 26 million head, 10 percent greater than it has been in the last 2 years. And, once the downward trend in cattle numbers gets under way, total slaughter may exceed 28 million head. This would be much the largest commercial slaughter on record.

Thus, over a period of the next 5 years a material increase in the production of beef and veal is probable. If hog slaughter continues near the level of the past 2 years, this will mean a substantial increase in total meat production. Under these conditions, considerable improvement in consumer demand for meats in this country will be necessary if a sharp downward trend in cattle prices is to be avoided.

OUTLOOK - SHEEP AND LAMBS

BACKGROUND.- The total number of stock sheep and lambs on farms and ranches has not fluctuated greatly during the past 10 years, although there has been a slight upward trend since about 1935. The lamb crop in the Western Sheep States also has increased moderately since 1935 but the crop in the Rative Sheep States has changed but very little since 1931. The 1940 lamb crop totaled

32.7 million head; it was 3 percent larger than a year earlier and the largest crop on record.

Lamb feeding situation

According to information released by the Agricultural Marketing Service in early October, the number of lambs fed this fall and winter will be about as large as the number fed during the 1939-40 feeding season.

As indicated in the accompanying table, shipments of feeder lambs and sheep into the Corn Belt States during the 3 months, July to September, were about as large as the unusually heavy shipments for the corresponding period last year, and were much above average for the period. Though the number inspected at stockyards was somewhat smaller this year, the number shipped in direct -- not going through stockyards -- showed an increase. Shipments into the Eastern Corn Belt were smaller than last year, with a sharp reduction in Illinois and some reductions in Ohio and Indiana; but increases were reported in Michigan and Wisconsin. Shipments into the Western Corn Belt were also larger than last year, with large increases shown for Iowa and Kansas and some increase for Minnesota. Missouri and Nebraska reported smaller in-shipments.

Feeder sheep and lambs received in several Corn Belt States,
July, August and September, 1939 and 1940 1/

State	July <u>2/</u>		Aug. <u>2/</u>		Sept. <u>2/</u>		July-Sept. <u>2/</u>	
	1939	1940	1939	1940	1939	1940	1939	1940
	Number	Number	Number	Number	Number	Number	Number	Number
Ohio	7,177	16,003	12,716	27,877	147,064	103,783	106,957	152,663
Indiana ..	27,496	25,629	40,887	28,753	34,466	66,164	102,849	120,526
Michigan :	8,754	1,565	11,272	12,111	39,198	54,663	59,224	68,339
Wisconsin:	1,102	1,679	12,909	28,455	54,441	62,793	68,452	92,927
Minnesota:	35,529	19,545	99,364	90,721	127,488	171,929	262,381	238,595
Iowa	77,778	80,002	174,428	187,503	245,100	374,914	497,306	642,509
Nebraska :	26,536	28,190	62,193	47,817	174,160	112,095	262,889	186,102
Total 7:								
States:	104,372	173,013	413,769	429,307	821,917	951,341	1,420,058	1,553,661

1/ Data obtained from the offices of the State Veterinarians in the above States.
Figures for 1939 are revised.

2/ Total of direct shipments and shipments from public stockyards.

Reports from the Western States as to the probable volume of feeding in that region point to at least as large a number as last year. The number to be fed in the Rocky Mountain States will probably be somewhat smaller this year, with a rather sharp decrease in Colorado, not much change in Wyoming and New Mexico and an increase in Montana. The number fed in the area west of the Continental Divide is expected to be larger than last year, with increases in California and Washington and possibly in Idaho, some decrease in Oregon, but not much change in the other States. Considerable increases are expected in lamb feeding in Texas and Oklahoma.

Wheat pastures in Kansas, Oklahoma and eastern Colorado have made excellent growth this fall and a very heavy movement of lambs to these pastures both from Texas and from other Western Sheep States is expected, which may exceed that in any other year. Many lambs that might otherwise have gone to feed lots in Colorado and the Scottsbluff area of Nebraska and Wyoming will go to wheat pastures.

Little change in sheep and lamb slaughter
this fall and winter

As indicated in the September issue of the Livestock Situation, slaughter supplies of sheep and lambs this fall might not be much different from those of a year earlier, despite the increase of 3 percent in the 1940 lamb crop over that of 1939. In September, inspected slaughter of sheep and lambs was about 10 percent smaller than a year earlier. The failure of slaughter to increase over a year earlier, with an increase in the lamb crop is due chiefly to the fact that a relatively large proportion of Texas lambs have not yet been marketed for slaughter. Most of the increase in the 1940 lamb crop in the Western Sheep States was in Texas, where over 20 percent of total western lamb crop is produced.

Shipments of feeder lambs from Texas in September were of record volume, but in July and August they were smaller than a year earlier. In Texas, as in other Western Sheep States, fall marketings of lambs consist of slaughter lambs and feeder lambs. But unlike most other Western States, a relatively large proportion of Texas lambs are frequently held through the winter and sold after shearing in the spring as grass-fat yearlings. The proportion of the lambs so held this fall may be fairly large in view of the fact that wool prices are high in relation to prices of feeder lambs and feed conditions in Texas are good.

Thus, it is expected that the increase in the 1940 lamb crop over a year earlier will not be reflected in larger slaughter this fall, and it may not be reflected in larger slaughter supplies of fed lambs this winter, depending largely upon changes in the movement of feeder lambs from Texas in October and November.

Lamb prices

The most important factors affecting lamb prices in recent years have been (1) slaughter supplies of lambs, (2) domestic demand conditions and (3) wool prices. The outlook for these three factors is mostly favorable for a higher level of sheep and lamb prices in 1941 than in 1940. Slaughter supplies of sheep and lambs in the 1940-41 fed-lamb marketing season (December-April) are not expected to be greatly different from a year earlier. Consumer demand for meats in 1941 is expected to be stronger than in 1940. And as a result of a strong demand for wool in this country, wool prices are expected to be an additional supporting factor to lamb prices in 1941.

1941 lamb crop

Barring unfavorable weather conditions, no marked change in the 1941 lamb crop from that of 1940 is expected. There has not been much fluctuation

in stock sheep numbers or in the lamb crop since 1931. At the beginning of 1940, stock sheep numbers were a little larger than a year earlier, and the number on farms at the beginning of 1941 may be about the same or slightly larger than in early 1940. It should be noted, however, that favorable weather and feed conditions next spring in both the Western Sheep States and the Native States, with the present level of sheep numbers, probably would result in the 1941 lamb crop being larger than the 1940 crop.

THE WOOL SITUATION 2/

Consumption of wool by United States mills is expected to continue at a relatively high level in the next several months. This will be a strengthening influence on domestic wool prices. In view of the prospects for a continuation of large purchases of wool goods for Army use in 1941, mill consumption of wool in the United States probably will continue to exceed domestic production by a substantial margin. And it is expected that prices of wool in this country next year will be high in relation to those of most of the last several years. Increased buying of raw wool to fill Government contracts and an improvement in mill sales of wool goods for civilian uses in the latter part of September were accompanied by price advances on most grades of domestic wool at Boston. Prices of domestic wool in the first week of October were higher than at any time since the early part of the year.

United States apparel wool import requirements in the current season may be chiefly for finer grades because of the large use of the finer grades of domestic wool in materials for Army use. Australia and South Africa are the leading fine wool-producing countries, although a considerable quantity of fine wool is available in South America. Hence the quantities of Australian and South African wool released for export and the prices fixed for such wools by the British Government will be important factors affecting prices of fine wools in the United States in the next several months. It now seems probable that considerable quantities of Australian and South African wool will be available for export to the United States.

2/ From the October, 1940 issue of The Demand and Price Situation. For detailed information copies of The Wool Situation may be obtained upon request to the Division of Economic Information, BAE, Washington, D. C.

Supplies of hogs and hog products, specified periods

Item	Unit	Oct.-Sept.				Oct.-Aug.			
		Aug.	July	Aug.	Average	1937-	1938-	1938-	1939-
		1939	1940	1940	1928-29:	38	39	39	40
					to	1932-33:			
Hog slaughter under									
Federal inspection:	Thou-								
No. slaughtered <u>1/</u>	sands	2,792	3,219	3,045	46,363	34,580	39,720	36,834	44,483
Live weight:									
Average	Lb.	246	250	240	231	234	234	234	234
Total	Mil. lb.	687	803	731	10,723	8,089	9,311	8,634	10,408
Total dressed wt.	" "	511	596	541	8,069	6,046	6,975	6,469	7,762
Yield of lard per									
100 lb. live wt.									
of hogs	Lb.	13.4	13.2	12.9	15.2	12.4	13.3	13.3	13.8
Production of lard:	Mil. lb.	2/ 91	2/ 104	91	1,630	1,002	2/ 1,202	2/ 1,117	2/ 1,401
Exports: <u>3/</u>									
Pork	" "	10	3	4	211	89	125	115	111
Lard	" "	23	28	10	657	208	270	245	222
Imports of pork <u>3/</u>	" "	5 <u>4/</u>		1	6	57	50	48	7
Proportion of sows									
in inspected									
slaughter <u>5/</u>	Pct.	57.1	60.0	59.0	51.2	49.9	49.3	48.4	49.6

Compiled from reports of Agricultural Marketing Service, except as specified.

1/ Bureau of Animal Industry. 2/ Revised figures based on the amount of lard rendered in federally inspected plants as reported by the Bureau of Animal Industry.

3/ United States Department of Commerce. Pork includes bacon, hams, and shoulders, and fresh, canned and pickled pork. Lard includes neutral lard. 4/ Less than 500,000 pounds. 5/ Includes gilts.

Prices of hogs and hog products, specified periods

Item	Unit	Oct.-Sept.				Oct.-Aug.			
		Sept.	Aug.	Sept.	Average:	1937-	1938-	1938-	1939-
		1939	1940	1940	1928-29:	38	39	39	40
					to	1932-33:			
Av. price, all purchases:	Dol. per:								
Seven markets	100 lb.	7.26	6.12	6.31	<u>1/</u>	8.33	6.85	5.54	
Chicago	" "	7.44	6.21	6.45	6.99	8.47	7.00	5.69	
Av. price of barrows and									
gilts, Chicago	" "	7.77	6.69	6.76	<u>1/</u>	8.76	7.23	5.86	
U. S. average price re-									
ceived by farmers	" "	7.06	5.83	6.14	6.48	8.07	6.70	5.44	
Av. price of No. 3 Yellow	Ct. per								
corn, Chicago	bu.	54	66	64	62	57	49	60	
Hog-corn price ratio:									
Chicago <u>2/</u>	Bu.	13.8	9.4	10.0	11.6	14.8	14.4	9.6	
N. Central States	"	14.0	10.1	10.6	12.9	17.6	16.6	10.6	
Proportion of packing sows									
in total packer & shipper									
purchases, 7 markets <u>3/</u>	Pct.	22.0	28.0	21.0	<u>1/</u>	13.0	13.0	12.0	
Av. weight at 7 markets	Lb.	248	254	242	<u>1/</u>	246	247	244	

Compiled from reports of Agricultural Marketing Service.

1/ Not available. 2/ Number of bushels of corn equivalent in value to 100 pounds of live hogs. 3/ Monthly figures computed from weekly averages.

Slaughter and market supplies of cattle and calves, specified periods

Item	Unit	Year		Month			
		Average:	1939	1939	1940	1940	1940
		1924-33:	Aug.	Sept.	July:	Aug.	Sept.
Slaughter under Federal inspection:							
Number slaughtered:	Thou-						
Cattle 1/	sands	8,350	9,446	823	880	822	842
Calves 1/	"	4,819	5,264	414	427	457	432
Cows and heifers 2/	"	4,181	4,446	352	412	359	375
Steers 2/	"	4,340	4,538	434	428	421	427
Average live weight:							
Cattle	Pounds	953	943	937	941	933	922
Calves	"	176	191	211	216	198	206
Total dressed weight:							
Cattle	Mil.lb.	4,532	4,803	421	445	421	421
Calves	"	487	559	48	50	51	49
Inspected shipments: 1/	Thou-						
Feeder cattle and calves:	sands	2,894	3,173	316	456	249	312
Imports:							
Cattle 3/	"	253	764	44	20	43	35
Canned beef 4/	Mil.lb.	5/ 36	86	8	13	4	5

Compiled from reports of Agricultural Marketing Service, except as specified.

1/ Bureau of Animal Industry. 2/ Also included in cattle slaughter.

3/ United States Department of Commerce. General imports prior to 1934; beginning January 1, 1934, imports for consumption. 4/ United States Department of Commerce. Imports for consumption. 5/ Figures include "other canned meats" prior to 1929.

Price per 100 pounds of cattle and calves, September 1940, with comparisons

Item	: Sept. : average: 1933 1924-33:	: Sept. : 1938	: Sept. : 1939	: July : 1940	: Aug. : 1940	: Sept. : 1940
Beef steers sold out of first hands at Chicago:	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Choice and Prime	12.29	11.78	10.85	10.97	11.69	12.53
Good	10.92	10.03	10.20	10.29	10.82	11.15
Medium	9.17	8.19	9.00	9.33	9.21	9.08
Common	7.23	6.53	7.22	7.59	7.27	7.12
All grades	10.59	10.42	10.23	10.44	11.00	11.50
Cows, Chicago:						
Good	1/ 6.87	6.68	7.24	7.28	7.41	7.33
Low Cutter and Cutter	2/ 3.85	4.49	3/ 5.00	3/ 4.70	3/ 4.86	3/ 4.60
Vealers, Chicago:						
Good and Choice	12.07	10.28	11.22	9.92	10.78	11.58
Stocker and feeder steers,						
Kansas City:						
Average price all weights	4/ 7.25	7.42	8.02	8.09	8.53	8.41
Average price paid by packers:						
All cattle	7.37	7.03	7.76	8.19	8.24	
Steers	5/ 8.95	8.95	9.25	9.78	9.95	
Calves	8.82	7.90	8.44	8.35	8.38	

Compiled from reports of Agricultural Marketing Service. 1/ Good and Choice, 1924-27. 2/ Canner and cutter, 1924-June 1926. 3/ Average of Cutter and Common, and Canner. 4/ Average 1925-33. 5/ Not available.

Supplies of sheep and lambs, specified periods

Item	Unit	Year		Month							
		Av.		Av. 1924-33	1939		1940				
		1924-	1939	Aug.	Sept.	Aug.	Sept.	July	Aug.	Sept.	
		33									
Slaughter under											
Federal inspection											
Sheep and lambs:											
Number slaugh-	Thou-										
tered 1/	sands	14,737	17,241	1,297	1,380	1,457	1,635	1,448	1,489	1,469	
Average live											
weight	Pounds	81	86	78	79	82	82	80	82		
Average dressed											
weight	"	39	40	37	38	39	39	38	39		
Total dressed											
weight	Mil.lb.	569	694	48	52	57	63	55	57		
Lambs and yearlings:	Thou-										
Number slaughtered	sands	13,678	16,137	1,203	1,274	1,357	1,525	1,365	1,375		
Percentage of total											
sheep and lambs ...	Percent	92.8	93.6	92.8	92.3	93.1	93.3	94.3	92.3		
Compiled from reports of Agricultural Marketing Service, except as specified.											
1/ Bureau of Animal Industry.											

Prices per 100 pounds of sheep and lambs, by months, July-September 1938-40

Item	1938			1939			1940		
	July	Aug.	Sept.	July	Aug.	Sept.	July	Aug.	Sept.
Slaughter lambs, Chicago:	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Good and choice 1/	9.10	8.46	8.05	9.56	8.66	9.73	9.49	9.40	9.14
Slaughter ewes, Chicago:									
Common and medium	2.54	2.62	2.50	2.27	2.25	2.81	2.26	2.18	2.38
Feeding lambs, Omaha									
Good and choice ...	7.34	7.32	7.11	8.09	7.76	8.33	8.27	8.39	8.55
Average price paid by packers:									
Sheep and lambs ...	7.95	7.62	7.29	8.35	7.69	8.42	8.73	8.12	
Average price re- ceived by farmers:									
Sheep	3.46	3.40	3.38	3.66	3.59	3.80	3.60	3.60	3.68
Lambs	6.84	6.59	6.46	7.31	6.94	7.57	7.85	7.52	7.59

Compiled from reports of Agricultural Marketing Service.

1/ Lots averaging within top half of good grade.

Index numbers of income of industrial workers, and cash
income from meat animals, specified periods

Item	: Calendar year :						
	1938	1939	1939	1940	1939	1940	1940
Income of industrial workers							
(1924-29 = 100)	73	83	79	90	83	91	1/ 94
Cash farm income from meat animals:							
(1924-29 = 100)	78	81	2/ 79	83	2/ 71	88	1/ 78
1/ Preliminary. 2/ Revised.							